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THE SITUATION IN BOSNIA AND HERZEGOVINA

Letter dated 16 December 1997 from the Permanent Representative of Germany to the United Nations addressed to the Secretary-General

I have the honour to bring to your attention the conclusion of the Peace Implementation Conference on Bosnia and Herzegovina, held at Bonn on 9 and 10 December 1997.

I should be grateful if you would have the present letter and its annex circulated as documents of the General Assembly under agenda item 47, entitled "The situation in Bosnia and Herzegovina" and of the Security Council.

(Signed) Tono EITEL

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10 December 1997

Annex

BONN PEACE IMPLEMENTATION CONFERENCE 1997

BOSNIA AND HERZEGOVINA 1998: SELF-SUSTAINING STRUCTURES

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Bonn Peace Implementation Conference 1997

Bosnia and Herzegovina 1998: Self-sustaining Structures

Summary of Conclusions

1. The Peace Implementation Council met in Bonn on 9 and 10 December 1997. It reviewed progress in the implementation of the General Framework Agreement for Peace in Bosnia and Herzegovina and its Annexes (the Peace Agreement) since the Peace Implementation Conference in London on 4 and 5 December 1996 and the Ministerial Meeting of the PIC Steering Board in Sintra on 30 May 1997. It reaffirmed the conclusions of the London Peace Implementation Conference of December 1996 and the Sintra Declaration.

2. The Council confirmed that there is no alternative to the Peace Agreement as the foundation for the political and economic development of Bosnia and Herzegovina, its two multi-ethnic Entities and three constituent peoples (along with Others) and for sustainable peace in the entire region.

3. The Council noted that considerable progress has been made in implementing peace and stability in Bosnia and Herzegovina since its last meeting. It welcomed the results obtained in enhancing the climate of security and in addressing the main prerequisites for reconciliation, tolerance and democracy, as well as freedom of movement and the improvement of the economy.

   Notable progress was made especially in the following areas:

   municipal elections in September and special elections for the Republika Srpska Assembly in November;
   arms control and confidence- and security-building measures;
   restructuring and reform of police;
   beginning of minority returns in the Federation, and to a lesser degree in Republika Srpska;
   economic revival in the Federation;
   development of non-partisan professional media;
   more than doubling the number of persons indicted for war crimes in the custody of the International Tribunal for the Former Yugoslavia (ICTY)

4. However, much more could have been achieved had the authorities in Bosnia and Herzegovina contributed their full share to the construction of a civil and democratic society in the country.

We are about to enter the third year of implementation of the Peace Agreement and the last phase of the Consolidation Period, and still a huge effort, including a renewed commitment of the authorities in Bosnia and Herzegovina and its Entities, is needed to achieve the ultimate goal of making peace in Bosnia and Herzegovina and its Entities self-sustainable. In particular, progress is needed to build functioning governmental and administrative structures, to further democratisation, to ensure the adequate protection of human rights, police reform and the rule of law, and to establish a proper management of the economy - including the fight against corruption and revenue evasion -, and to complete successfully the return of refugees and displaced persons.

Peace, and the institutions of civil society to uphold it, remain fragile. The war has left a legacy of bitterness and distrust. The Council highlighted the following matters of concern:

The majority of common institutions are operating insufficiently. Permanent facilities have not been established.

Illegal structures of government in the Federation have not been dissolved or integrated.

Serious problems of local administration, notably in Mostar, continue to exist. The implementation of municipal elections still encounters resistance in several municipalities.

Lack of strong multi-ethnic political parties and a structured civil society.

Lack of legislation on de-mining and the continuing manufacture of mines.

Human rights are still not adequately protected. Citizenship is not legally defined. There is no Bosnia and Herzegovina passport. Property and housing legislation block the return of refugees and displaced persons to their pre-war homes. The police are still sometimes used to obstruct the implementation of election results, do not deal effectively with politically or ethnically motivated crimes, are responsible for documented cases of abuse of persons in custody, and more generally are not sufficiently obliged by the political leadership to advance the goals of the Peace Agreement. Human rights violations remain endemic, despite improvement in some areas.

Neither Entity has taken the necessary steps to ensure that its laws are compatible with the European Convention on Human Rights. In both the Federation and Republika Srpska, the fair trial standards set forth in the Convention are clearly and routinely violated.

Bosnia and Herzegovina still has no jointly agreed flag.

Comprehensive plans to facilitate returns have not been implemented.

There are no functioning Public Corporations.

Bosnia and Herzegovina has failed to finance its common institutions or service its external debt on time, implement common policies on foreign trade, apply a common customs tariff, issue common bank notes, achieve transparency and good governance in the use of public funds, and establish effective institutions to curb corruption and revenue evasion. The lack of an economic policy framework is preventing an IMF Standby Arrangement and World Bank adjustment lending and renders the country vulnerable to financial crisis.

Full normalisation of Bosnia and Herzegovina's relations with its immediate neighbours has not taken place.

5. The Council will continue its assistance to Bosnia and Herzegovina in 1998, reiterating the Sintra commitment to stay the course, but concluded that an even more persistent approach on the part of the international community is required: the actions of the authorities in Bosnia and Herzegovina too often fall short of their words. The recent reports by the World Bank and the European Commission's Customs and Fiscal Assistance Office (EC CAFAO) are new sobering evidence of this attitude. Continued procrastination may even endanger the progress achieved so far.

6. The Council made it clear to the authorities in Bosnia and Herzegovina that assistance by the international community remains conditional upon compliance with the Peace Agreement and subsequent obligations.

7. The Council reaffirmed that it will tolerate neither any tendencies to dominate the political institutions of Bosnia and Herzegovina, nor any attempts to undermine the sovereignty and territorial integrity of Bosnia and Herzegovina. The Council recalled that the Peace Agreement has primacy over previous Agreements between the Parties.

8. The High Representative was charged at Sintra to pursue deadlines adopted by the Steering Board, and to recommend and take measures in cases of non-compliance. This course has proved to be right. The Council welcomed the High Representative's intention to use his authority fully to facilitate the resolution of difficulties.

9. The Council insists that all persons indicted for war crimes must be handed over to the International Criminal Tribunal for the Former Yugoslavia (ICTY) for justice to be dispensed impartially, under the terms of the Peace Agreement and UN Security Council resolutions. It draws particular attention to the failure to carry out this obligation by the authorities of Republika Srpska and the Federal Republic of Yugoslavia.

The Council is convinced that until all persons indicted for war crimes are brought before the International Criminal Tribunal for the Former Yugoslavia, the prerequisites for reconciliation and the rule of law in Bosnia and Herzegovina remain seriously impaired. In this regard, the Council recalls the Sintra Declaration where the continuing influence of Radovan Karadzic on the political life of Republika Srpska was deemed unacceptable.

10. The Council reminded the Republic of Croatia and the Federal Republic of Yugoslavia of their obligations under the Peace Agreement and expected that these would be discharged in their entirety, voluntarily and immediately. There would have been more progress in implementing the Peace Agreement if this commitment had been observed. In particular, this refers to special relations with the Entities, the ongoing discrimination between Entities' citizens with regard to visa regulations and, more generally, free movement.

11. The Council urged all countries in the region to co-operate fully to promote the return of refugees and displaced persons.

12. The Council called on the successor States of the former SFRY to reach agreement on succession issues within the framework of the Special Negotiator's draft of 13 November 1997, and, as a first step, to reach agreement on certain specific measures.

13. The Council thanked SFOR for providing the secure environment necessary for the civilian implementation of the Peace Agreement and for the increased assistance rendered in this field. The Council recognised and supported the emerging consensus on the need for a military presence to continue beyond June 1998, considering it indispensable for the maintenance of a stable security environment and, in particular, for helping create secure conditions for the conduct by the High Representative, as well as by the UN, OSCE and other international organisations, of tasks associated with the Peace Agreement.

The Council stressed that the presence of IFOR and SFOR has been the greatest single contributor to sub-regional security since the signing of the Peace Agreement and will continue to be in the short to medium term. It welcomed NATO's plans to consider options for a multinational follow-on force to SFOR beyond June 1998. The Council stated that any follow-on force should provide appropriate support to civil implementation while being readily available and effective enough to respond quickly to events on the ground in and across Bosnia and Herzegovina.

14. The Council thanked OSCE for the effective conduct of the municipal and Republika Srpska Assembly elections. It recognised that OSCE supervision remains essential to ensure free and fair elections in Bosnia and Herzegovina in 1998. It therefore invited OSCE to extend the mandate of its Mission in Bosnia and Herzegovina accordingly.

15. The Council expressed its gratitude to the High Representative, the international organisations and non-governmental organisations and all their staff for their unremitting efforts dedicated to shaping the future of Bosnia and Herzegovina and all of its citizens.

The Council thanked Mr. Carl Bildt for his outstanding performance as High Representative in the period following the signature of the Peace Agreement.

16. The Council mourned the victims of the 17 September 1997 helicopter crash. Their contribution to the peace effort will be remembered.

17. The following text sets out policies and measures to be pursued in the implementation of the Peace Agreement in 1998. The following text sets out policies and measures to be pursued in the implementation of the Peace Agreement in 1998. These commit Bosnia and Herzegovina and the two Entities, the Federation of Bosnia and Herzegovina (the Federation) and Republika Srpska (referred to throughout as "the authorities in Bosnia and Herzegovina") and those who endorsed the Peace Agreement.

18. A further meeting of the Peace Implementation Council will be held towards the end of 1998 with a review at midterm.

I. Human Rights, Legal Reform and War Crimes

Despite gradual improvements such as greater freedom of movement, fewer arbitrary arrests, and a more responsible attitude on the part of the authorities, the Council deplores the fact that the protection of human rights in Bosnia and Herzegovina is still inadequate. The Council reiterates that the extensive list of human rights obligations, which form part of the Constitution of Bosnia and Herzegovina and the Peace Agreement, must be respected and that current laws must be reviewed to determine their compatibility with international standards of human rights. Few steps have been taken to ensure that the direct application of the rights and freedoms set forth in the European Convention on Human Rights is effectively implemented in Bosnia and Herzegovina and underlying structural problems have yet to be addressed. Until those problems are resolved, human rights violations threaten to remain endemic.

The Council takes note of the High Representative's recent report to the Council of Europe on the situation of human rights in Bosnia and Herzegovina. The High Representative will regularly report to the Steering Board on progress in this field in connection with the application of Bosnia and Herzegovina for membership in the Council of Europe.

1. Human Rights Issues

a. The Council is deeply concerned that the Federation and Republika Srpska have not amended their property and housing legislation to make full implementation of Annex 7 of the Peace Agreement possible. These laws continue to block the return of hundreds of thousands of refugees and displaced persons to their pre-war homes. This situation will not be condoned. Changes to the laws of both Entities must be adopted immediately. The Federation will be held to its commitment, made at the Federation Forum on 12 November 1997, to adopt the three draft laws submitted by the High Representative, or otherwise the High Representative will recommend appropriate measures to the Steering Board. Republika Srpska is urgently asked to amend its property and housing legislation within 60 days of the new Government taking office. Non-compliance measures will be applied according to the recommendations of the High Representative.

b. The Council expects the authorities in Bosnia and Herzegovina to co-operate fully with the Commission on Human Rights and the Commission for Real Property Claims (CRPC). In particular, the authorities of both Entities must ensure that the decisions of the Human Rights Chamber and the CRPC are respected, and must respond appropriately to reports of the Ombudsperson. To that end, Bosnia and Herzegovina and the Entities should adopt legislation for the CRPC, in accordance with the draft proposed by the High Representative, as soon as possible.

c. It is essential that the Commission on Human Rights and the CRPC receive adequate and stable funding to carry out the tasks envisaged by the Peace Agreement. The Presidency of Bosnia and Herzegovina has recognised this

obligation, and made a nominal contribution to each institution from the 1997 budget of Bosnia and Herzegovina. The authorities must commit themselves to incremental increases in funding, with a view to assuming full responsibility as soon as possible and at the very latest at the end of the five-year transition period. In the interim, the Council remains committed to ensuring that funding constraints do not impede the work of the Commissions. To that end, the Council commits itself to addressing any funding gaps.

d. The Council emphasises that education must promote understanding and reconciliation among the ethnic, religious and cultural groups in Bosnia and Herzegovina, while recognising the right of parents to choose the nature of the education that their children receive. The Council notes with concern that educational policy and programmes in the Federation and Republika Srpska do not comply with these basic principles. The Council urges the competent authorities to work together to ensure that all persons are educated according to their needs and in a manner which also contributes to tolerance and stability within a multi-ethnic Bosnia and Herzegovina, and to develop without delay an education programme consistent with these principles, in co-operation with the High Representative, UNESCO, the Council of Europe, the European Commission, the OSCE, UNICEF, the World Bank and other relevant organisations.

e. The Council recognises that non-governmental organisations are vital to pluralism and democracy and it supports the strengthening of civil society as a whole. It notes that the current legislative framework in Bosnia and Herzegovina hinders these objectives and urges the competent authorities to establish a proper legal environment for civil society organisations. It calls upon the OSCE to continue its human rights and democratisation programmes.

f. The Council calls upon the authorities in Bosnia and Herzegovina to collaborate closely with national and international organisations monitoring the human rights situation in Bosnia and Herzegovina. The Council emphasises the need for these organisations to co-ordinate their efforts through the Human Rights Co-ordination Centre Steering Board.

2. Legal Reform

a. The Council recognises that an impartial and independent judiciary is essential to the rule of law and reconciliation within Bosnia and Herzegovina. The judicial appointment process must be reformed to ensure that selection is based on merit rather than political or ethnic criteria, and a facility for judicial training must be established. The Council stresses that monitoring of the judicial system is an essential element of this process, and calls for the necessary resources to be devoted to that task.

b. The Council supports the ongoing criminal justice reform effort within the Federation, and calls on the authorities, as a first step, to implement the recommendations of the expert team regarding the criminal procedure code by 31 January 1998.

The Council welcomes the request by Republika Srpska to the Council of Europe to assist in the harmonisation of its criminal and criminal procedure codes with European standards. The Council underlines, however, that the expert teams set up by Republika Srpska for this purpose should include representatives not only of the Council of Europe, but also of the High Representative, UNMIBH and other relevant institutions.

c. The Council states that consistency and co-operation between the two Entities in the area of legal reform is essential. To that end, it calls for the establishment of a Commission for Inter-Entity Judicial Co-operation, in accordance with the recommendation made by the High Representative, to be operational no later than 31 January 1998. It also notes the need to harmonise Federation and cantonal laws, and calls for co-operation by the cantons. The Council endorses the High Representative's co-ordination of the various judicial and legal reform programmes within a coherent and focused programme including the harmonisation of the criminal codes and criminal procedures of both Entities with the Constitution of Bosnia and Herzegovina and undertakes to provide further assistance to the organisations involved in the fulfilment of this mission. The Council welcomes the High Representative's invitation to the Council of Europe, the OSCE and UNMIBH to cooperate in a programme of judicial and legal reform. Specifically, the Council welcomes the High Representative's request to the UN, in accordance with Annex 11 of the Peace Agreement, to set up a Task Force within UNMIBH to focus on the assessment and monitoring of the court system, the development and training of legal professionals and the restructuring of institutions within the judicial system, and invites the UN to consider allocating any necessary resources.

3. Missing Persons and Exhumations

The Council welcomes the efforts of the various international agencies, including the ICRC, the High Representative, the ICMP and the International Criminal Tribunal for the Former Yugoslavia (ICTY), to resolve the issue of persons unaccounted for, but expresses dissatisfaction with the authorities in Bosnia and Herzegovina for not meeting their responsibilities. It demands specifically that the authorities:

a. provide immediate and full information or assistance upon the request of the international agencies to assist with the tracing process;

b. ensure that the agreement to allow one another immediate access to potential burial and mass grave sites for the process of exhumation and retrieval of remains is implemented in full;

c. cease immediately body-for-body exchanges and participate in the exhumation process introduced by the High Representative.

Reconciliation, War Crimes and Co-operation with the International Criminal Tribunal for the Former Yugoslavia (ICTY)

The Council is convinced that until all persons indicted for war crimes are brought before the ICTY, there will be no normalisation, no reconciliation, and the rule of law in Bosnia and Herzegovina will remain seriously impaired. In this regard, the Council recalls the Sintra Declaration, where the continued influence of Radovan Karadzic over the political life of Republika Srpska was deemed unacceptable. The Council therefore reminds all competent authorities that war crimes suspects must be brought before the ICTY and that cooperation with ICTY is a key part of the process of peace implementation. The Council remains committed to applying economic levers and other measures to ensure full co-operation with ICTY, including making recommendations to Council members with regard to the Federal Republic of Yugoslavia. The Council welcomes the transfers of war crimes indictees to the ICTY in the course of 1997. The Council recalls Security Council resolution 1034. The Council demands that the competent authorities take immediate steps to execute arrest warrants for all indicted persons under their jurisdiction and to surrender them to the ICTY. This demand is made with particular reference to Republika Srpska and the Federal Republic of Yugoslavia. The Council recalls that domestic law prohibiting the surrender of indictees to the ICTY is incompatible with mandatory United Nations Security Council resolutions adopted under Chapter VII of the Charter of the United Nations and Article IX of the General Framework Agreement for Peace in Bosnia and Herzegovina.

The Council notes the importance of compliance with the Rules of the Road agreed at Rome in February 1996. It criticises local authorities in both Entities who continue to refer to "lists of war crimes suspects" in an attempt to discourage return of refugees and displaced persons, harass citizens and deter elected municipal councillors from taking office. The authorities must ensure that this ceases immediately. The Council notes that municipalities that persist in this risk being named as obstructionist by the High Representative and consequently risk losing international assistance. Furthermore, the Council calls for adequate resources to be made available to the Prosecutor of the ICTY for the Rules of the Road.

The Council requests that the High Representative, the ICTY and other relevant organisations identify those persons who are aiding and abetting individuals named in the arrest warrants and calls on member States to take immediate measures against such persons, as may be recommended by the High Representative.

Constitutional and Legal Matters

The Council expresses its concern that the authorities in Bosnia and Herzegovina have not made better progress in implementing key aspects of the Constitution of Bosnia and Herzegovina and in passing important legislation vital to the welfare of the people of the country.

The Council strongly urges all Bosnian leaders to adopt a more co-operative attitude in addressing the important issues of creating the structures and laws of their country. Regarding the Presidency, the Council recalls that repeated, intentional absences constitute lasting incapacity to perform the duties of the Presidency. Wilful absences reflect an intention to avoid the obligations of office and violate the duty to attend all meetings of the Presidency.

The Council calls on the authorities in Bosnia and Herzegovina, in particular in the Entities, to make use of the instrument of international mediation in order to resolve disputes concerning the implementation of the Peace Agreement. It commends the work already undertaken in this field by the current Federation Mediator.

The Council welcomes, following the Sintra Declaration, the agreement on the distribution of ambassadorial posts, the establishment of a Department of Civil Aviation, and the opening of the northern border with the Republic of Croatia.

1. Sintra Issues

The Council expresses its concern that many of the Sintra commitments still have not been complied with.

a. The Council deplores the failure of the Bosnia and Herzegovina authorities to adopt the Draft Citizenship and Travel Document Laws in accordance with their Sintra obligations. The Council demands that the Draft Laws, including the language in the Annex on Citizenship and Travel Documents regarding Article 38(2) of the Draft Citizenship Law and Article 6 of the Draft Travel Documents Law, are adopted by 15 December 1997 as endorsed by the Presidency in Bonn. Appropriate measures will be taken by the High Representative in case of non-compliance. The Council calls on the Parliamentary Assembly of Bosnia and Herzegovina to adopt a statement on the possibility of concluding bilateral agreements on dual citizenship in accordance with the Constitution.

The Council urges all Member States as of 1 June 1998 only to recognise travel documents of citizens of Bosnia and Herzegovina issued under the new Law. Citizens of Bosnia and Herzegovina resident abroad will have until the end of 1998 to acquire the new travel documents. However, refugees living abroad will be entitled to use their old passports for their return to Bosnia and Herzegovina. The charge for passports must take into account the average income in Bosnia and Herzegovina, and should not exceed the nominal costs of issuing the passports.

b. The Council concludes that insufficient action has been taken to establish a uniform system of vehicle registration and an obligatory third-party liability car insurance throughout Bosnia and Herzegovina. In this context, it urges the Council of Ministers and the Entity Governments to agree to the Memorandum of Understanding and the Council of Ministers Regulation immediately. The Council welcomes the High Representative's intention, after 31 January 1998, to

implement the uniform licensing system on the basis of the Memorandum of Understanding in cooperation with IPTF and SFOR.

c. The Council welcomes the opening of two additional border crossings between Bosnia and Herzegovina and the Republic of Croatia and the establishment of the Joint Border Commission to deal with practical arrangements and infrastructural issues along the border. The Council urges the authorities of the Republic of Croatia and Bosnia and Herzegovina to conclude a new non-discriminatory visa regime and remove other barriers to free travel by 1 March 1998.

The Council calls for normal and non-discriminatory customs and other border formalities to be established at all border crossing points by 1 March 1998.

d. The Council deplores the failure of Bosnia and Herzegovina and the Federal Republic of Yugoslavia to establish unconditional diplomatic relations. The Council once again calls upon Bosnia and Herzegovina and the Federal Republic of Yugoslavia to treat the opening of embassies in Belgrade and Sarajevo as a priority.

e. The Council invites the High Representative to establish a process leading to a decision on a new flag and symbols if the parties cannot agree on their own by 31 December 1997.

f. The Council reiterates that remaining parallel and para-constitutional structures in the territory of the Federation ("Croat Republic of Herceg Bosna", "Republic of Bosnia and Herzegovina") are illegal and must be dissolved immediately. The authorities in the Federation should publicly announce that all these former institutions have stopped functioning. The bank accounts of such structures must be closed. Remaining seals must be destroyed. The Council invites the High Representative to report to the Steering Board on progress on this issue by 1 March 1998.

g. The Council recalls that agreements establishing special parallel relationships must be consistent with the sovereignty and territorial integrity of Bosnia and Herzegovina. The Council further recalls that the Peace Agreement has primacy over previous Agreements between the Parties.

The Council regrets that despite the fact that the Republic of Croatia and the Federation had engaged positively in a process to align the Agreement on the Establishment of the Joint Co-operation Council with the Constitution of Bosnia and Herzegovina, the Republic of Croatia has recently presented a proposal for a special parallel relationship with the Federation which is inconsistent with the Peace Agreement. The Council demands that the parties proceed immediately with the alignment of the Agreement with the Peace Agreement.

The Federal Republic of Yugoslavia has not complied with the request from the Steering Board rapidly to align the Agreement establishing a Special Parallel Relationship between the Federal Republic of Yugoslavia and Republika Srpska

with the Peace Agreement. The alignment of this Agreement must proceed immediately.

In this context, the Council emphasises that provisions for establishment of a special arrangement on the port of Ploce and on transit through Neum must be consistent with the Constitution of Bosnia and Herzegovina. The Council notes that negotiations on such an arrangement do not depend on the conclusion of the Agreement on the Co-operation Council. The Council invites the High Representative to support the negotiations in co-ordination with the chair of the negotiations.

The Council invites the High Representative to report to the Steering Board by 1 March 1998 on progress on these issues.

h. The Council welcomes the formation of the Bosnia and Herzegovina Department of Civil Aviation (DCA) following Sintra. The Council welcomes the opening of the airport of Banja Luka and calls for further progress in Mostar and Tuzla.

The Council acknowledges the request of the local authorities for continued international support in the form of personnel and resources for a small international secretariat, to be established on 1 January 1998 for one year. Funding of the secretariat will be required if progress is to be maintained in the field of civil aviation.

2. Common Institutions

a. The Council deplores the failure of the Bosnia and Herzegovina authorities to adopt the Law on the Council of Ministers. It demands that the Draft Law is adopted by 15 December 1997. Appropriate measures will be taken by the High Representative in case of non-compliance. The Council of Ministers must immediately proceed with the full establishment of the ministries. Until such time as the ministries are operating effectively, the ministers and deputy ministers should meet regularly with core staff to ensure the implementation of their workload. Further, the Presidency and the Council of Ministers should meet at least once a week, and the Parliamentary Assembly as necessary. The Council invites the High Representative to take the appropriate steps where necessary.

b. The Council insists that the common institutions take immediate steps to establish permanent facilities for themselves and the ministries, as well as hiring permanent staff and arranging for the proper financing of the ministries. The Council considers it unacceptable that the burden of secretarial and technical support for the common institutions rests with the High Representative. Limited support will continue on a decreasing basis.

c. The Council welcomes the willingness of the European Commission, USAID and other relevant organisations to step up the assistance to the development of a civil service in Bosnia and Herzegovina, making use of their expertise, and that of interested countries and organisations.

d. The Council welcomes the efficient work of the Constitutional Court and the high level of co-operation and professionalism demonstrated by all the judges in performing their duties. It is, however, concerned that despite the full responsibility of Bosnia and Herzegovina for financing the Court, no resources have been put at the Court's disposal; nor does the 1997 Budget provide for the necessary amount. Consequently, the administrative structure cannot be established. The Council demands that the authorities of Bosnia and Herzegovina provide full funding for the Court.

3. Other Issues

The Council expresses concern that representation of Bosnia and Herzegovina in international organisations does not represent all the peoples of Bosnia and Herzegovina. The Council urges the authorities in Bosnia and Herzegovina, in co-operation with the High Representative, to establish which international representations need to be restructured and to proceed accordingly by 1 May 1998.

The Council expects the sports organisations in the Entities to form teams together representing Bosnia and Herzegovina under one flag as one country in international sports events, notably at the upcoming Winter Olympics in Nagano, Japan.

Should the authorities, and the other relevant bodies, fail in this respect, the Council welcomes the High Representative's intention to report to the Steering Board on whether to recommend that the representatives of Bosnia and Herzegovina in international organisations should be no longer recognised.

4. Entity Issues

a. The Council emphasises the necessity for the Constitutions and the other laws of the Entities to be consistent with the Constitution of Bosnia and Herzegovina and invites the High Representative to identify the areas in which new or amended Entity legislation is needed.

In particular, the Council

underlines that the Citizenship Laws of the Entities must be harmonised with the future Law on Citizenship of Bosnia and Herzegovina, under the guidance of the High Representative in co-operation with the Council of Europe;

requests the authorities in Republika Srpska to align immediately the Law on Internal Affairs of Republika Srpska with the Constitution of Bosnia and Herzegovina, based on the recommendations of the Council of Europe;

emphasises that any provisions of the Entity Constitutions that discriminate against the members of an ethnic group are incompatible with the Constitution of Bosnia and Herzegovina.

b. The Council requests the authorities in the Federation rapidly to resolve the issues set out in the Federation Annex.

III. Refugees and Displaced Persons

1. Return Issues

a. The Council welcomes the return of more than 400,000 refugees and displaced persons since the signing of the Peace Agreement, among them more than 110,000 refugees from abroad in 1997. The Council notes, however, that over 600,000 Bosnian refugees remain abroad and over 800,000 Bosnians remain displaced internally. The Council acknowledges that large-scale repatriation in 1998 is contingent on successful minority return movements, in particular to Sarajevo and Republika Srpska.

b. The Council recalls the obligation of the Parties under Annex 7 of the Peace Agreement to co-operate with the UNHCR and to create suitable conditions for return. Despite some improvements in freedom of movement and respect for human rights, the overall conditions for return have not significantly improved.

c. The Council finds it unacceptable that because of continued obstruction, large numbers of returning refugees and displaced persons are being relocated against their will in places other than their original homes. Return to the place of origin is an essential part of the return process.

d. The Council demands that the authorities in Bosnia and Herzegovina act resolutely to remove all barriers to return. Such barriers include: lack of adequate security; refusal to facilitate the return of property; levying of so-called war taxes; failure to establish a system of access to personal documents; existing registration processes; uncertainty concerning applicable customs regulations and tariffs; deficiencies in the allocation of temporary housing; and the low capacity of administrative organs. It invites the High Representative to transmit to the Steering Board a regularly updated list of barriers and the measures necessary to ensure their removal.

e. The Council acknowledges a change in attitude and limited progress in the Federation and some parts of Republika Srpska in allowing the return of minorities. It welcomes the active support given by the President and Vice-President of the Federation to the implementation of a Central Bosnia Canton return programme, as laid out in the conclusions of the Federation meeting on refugee return of 2 December 1997. The Council expects that the return process should expand from the Central Bosnia Canton to the Herzegovina Neretva Canton and to other cantons. The municipal government of Stolac is expected to enable the completion of the pilot project for return by 20 December 1997.

f. The Council urges the Entity Governments to instruct cantonal and municipal authorities to elaborate appropriate phased return plans, starting with the identification of areas where returns or preparations for returns to empty housing space could happen immediately. Elaboration of such plans should be made in co-operation with UNHCR, with the Return and Reconstruction Task Force (RRTF) and international organisations, and associations of displaced persons and refugees, and be completed by the end of February 1998.

g. Ensuring a multi-ethnic Sarajevo is central to the implementation of the Peace Agreement. The Council expresses disappointment at the failure of the authorities in Sarajevo to encourage and facilitate the safe return of former inhabitants. The Council takes note of recent commitments made by the Sarajevo authorities to encourage and facilitate the safe return of former inhabitants. These commitments are long overdue and must translate into action immediately. So long as Sarajevo remains largely mono-ethnic, its position as the capital of Bosnia and Herzegovina will remain impaired. The Council endorses the efforts of the High Representative and UNHCR to develop a Sarajevo return strategy. It calls on the competent authorities to agree on that strategy prior to the conference on return to Sarajevo proposed by the High Representative, which should be held in early 1998. In particular the Council calls for a review of implementation to date and a timetable for full implementation of the February 1996 Rome Statement on Sarajevo and the October 1996 Sarajevo Protocol, particularly regarding minority rights and multi-ethnic participation in governance.

h. The Council notes some progress in the implementation of the "Open Cities" Project launched by UNHCR. The Council calls on all municipalities and the Sarajevo Canton to join the "Open Cities" project or act in accordance with the criteria established by UNHCR in the context of these projects. Entity and cantonal authorities may not obstruct the decision by a municipal authority to welcome organised and phased return. The Council welcomes the positive examples of the Open Cities of Konjic, Busovaca, Vogosca, Bihac, Gorazde and Kakanj and expects other municipalities, among them Vares, Jajce, Bugojno, Drvar and Banja Luka immediately to fulfil the requirements to meet the Open Cities commitment.

i. The Council calls upon the authorities in Republika Srpska to begin implementation of the decisions of the International Housing Commission on approval of persons eligible to return to the Zone of Separation by 31 March 1998.

2. Return and Reconstruction Task Force (RRTF)

The Council acknowledges the solid achievements of the RRTF in 1997. The Council recognises that further measures are urgently required if the RRTF is to fulfil its mandate in 1998. It notes that:

i. the High Representative has appointed a Deputy with exclusive responsibility for RRTF matters;

ii. the RRTF, under the chair of the High Representative, will be provided with a secretariat whose expertise reflects the multi-sector task of return and reconstruction;

iii. RRTF members and all donors are encouraged to provide reserves for the RRTF in their 1998 programmes to support brokered breakthroughs in minority return movements at local level;

iv. all concerned governments are urged to second appropriate staff to the regional offices of the High Representative as well as to other RRTF members, thereby addressing the weak capacity of the RRTF in the field.

The Council supports RRTF proposals and recommendations on resource targeting and management, including those concerned with the allocation of donor-financed housing, implementation of the principle of conditionality and the proposal for a return related donors meeting in early 1998, chaired by the European Commission and the World Bank.

IV. Public Order and Police Issues

1. The Council expresses its appreciation for the achievements of the United Nations International Police Task Force (IPTF), most notably in promoting freedom of movement, in reforming policing principles and practices, in ensuring that police forces are not used as paramilitary forces, and in addressing human rights abuses by the police. It welcomes the close co-operation with SFOR in this regard. The Council underlines that progress in many areas of peace implementation, including refugees and displaced person returns, freedom of movement, and economic reconstruction, are directly tied to improvements in public security.

2. The Council insists that the Entity and cantonal authorities ensure full compliance with the recommendations of the IPTF Commissioner, including recommendations to carry out official investigations and to suspend law enforcement officers from duty pending the outcome of these investigations.

3. The Council, recognising the important role that the IPTF plays in promoting confidence in public order mechanisms and the critical impact such confidence has on other aspects of civilian implementation, recommends that the IPTF operational structure be modified to provide maximum IPTF support for the most pressing civilian implementation needs. In particular, it recommends the creation of specialised IPTF units to train Bosnian police to address more effectively key public security issues, such as refugee returns; organised crime, drugs, corruption and terrorism; and public security crisis management (including crowd control).

4. The Council commends IPTF for the progress with the Police Development Programme, and demands that authorities in both Entities ensure its full and prompt implementation. To reflect the importance of training expertise within the IPTF to accelerate progress on reform, the Council invites contributing countries to provide a significant number of certified trainers, or police officers with specialised qualifications to be set by IPTF, in their contingents and the UN to provide these personnel with the appropriate logistics support. Noting that further progress on

the Police Development Programme is compromised by the shortage of resources available to the IPTF, the Council calls upon member states to respond positively to IPTF's appeal for funds and equipment.

5. The Council welcomes the request of the authorities in Bosnia and Herzegovina that the United Nations Security Council extend the length of the mandate of the IPTF to continue to carry out the tasks set out in Annex 11 of the Peace Agreement. It welcomes the decision by the authorities in Bosnia and Herzegovina to request IPTF, in accordance with its mandate, to train the Entities' police forces in the detection of financial crime, smuggling and corruption, in co-operation with those international organisations involved in customs training.

6. The Council expresses concern that regulations applied to the entry and exit of persons, goods and vehicles to and from Bosnia and Herzegovina differ at the various border points. It invites the High Representative and the IPTF to assist the authorities in Bosnia and Herzegovina with drafting and adopting legislation regarding the mission and competencies of border police by 30 June 1998.

V. Media

1. The Council reiterates its firm commitment to establish free and pluralistic media throughout Bosnia and Herzegovina. It supports the High Representative's overall media and telecommunications strategy. It recognises the importance of the role of objective media in the run-up to the 1998 elections and calls for PIC members and the High Representative to ensure funding and finalise work plans for media assistance for this timeframe.

2. The authorities in Bosnia and Herzegovina must adopt and fully implement new media and telecommunications laws and establish through legislation a permanent public body to enforce internationally-recognised standards of journalism and to allocate media frequencies.

a. In the meantime the media will be subject to regulation by a newly formed, interim Independent Media Standards and Licensing Commission (IMSLC) that will include a regulatory and disciplinary body that will refer the most serious breaches of media standards to the Media Support and Advisory Group (MSAG). Also, the Media Experts Commission will continue to operate in its supervisory role as established by the Provisional Election Commission until the IMSLC is fully functional. The Council invites the High Representative to report to the next Steering Board on the above-mentioned institutional arrangements.

The Council will consider adequately funding the IMSLC subject to detailed budget proposals by the High Representative.

b. The Council calls for continued donor support, including by donation of programmes, for pluralistic and independent media in Bosnia and Herzegovina. Support will be conditional on strict compliance with the standards set by the IMSLC. The Council calls upon those responsible for the development of the OBN

to remain committed - through contributions of money and other resources in 1998 - to creating an independent cross-Entity television network under Bosnian management.

The Council also supports the continuation of the Free Elections Radio Network (FERN) by OSCE, which has thus far been funded by the Swiss Government.

VI. Elections

1. The Council welcomes the successful conduct of the 1997 municipal elections. It notes with concern problems in implementing the election results in certain municipalities. It insists on full implementation and underlines that the electoral process will not be complete until all elected officials have been installed in office and councils are functioning democratically. The Council recalls the 31 December 1997 deadline for meeting the requirements for final certification. Cases where the requirements of final certification are not fulfilled will be submitted to the OSCE Head of Mission and the High Representative for final and binding arbitration before 28 February 1998, the arbitration award to be immediately implemented. However, the authority of the Head of the OSCE Mission in his position as chair of the Provisional Election Commission and the High Representative to take measures, as laid down in the Rules and Regulations of the Provisional Election Commission, will extend beyond that date.

2. The Council welcomes the effective conduct of the Republika Srpska Assembly elections and commends the OSCE for its important contribution to the electoral process. It insists that the newly elected Assembly convene within the constitutional timeframe and urges all parties in Republika Srpska to work together to establish a new government that will work in the best interests of all citizens of Republika Srpska and co-operate effectively in creating the necessary conditions for sustainable peace and economic growth.

3. The Council urges the authorities in Bosnia and Herzegovina fully to implement their obligations under Annex 3 of the Peace Agreement. Underlining the importance of international involvement in future elections in Bosnia and Herzegovina, the Council expects the authorities in Bosnia and Herzegovina to invite the OSCE to supervise elections in Bosnia and Herzegovina in 1998. It therefore requests the OSCE to extend the mandate of its Mission in Bosnia and Herzegovina accordingly.

   The Council urges the authorities in Bosnia and Herzegovina to extend an invitation to the OSCE Office for Democratic Institutions and Human Rights to observe the 1998 elections.

4. The Council considers multi-ethnicity a fundamental goal for the consolidation of a stable and democratic Bosnia and Herzegovina. It therefore recognises the need to support the establishment of new multi-ethnic parties and to strengthen the existing ones. It invites the High Representative, the OSCE and the Council of Europe to take due account of this need when reviewing the draft Election Law. It urges the authorities in Bosnia and Herzegovina rapidly to conclude their

deliberations on the Law and adopt it as soon as possible. As an integral part of the Law, the Permanent Election Commission, which will include international members, must be established. The Permanent Election Commission will have the responsibility to conduct future elections in Bosnia and Herzegovina and will closely co-operate with the OSCE as long as the mandate of the OSCE exists. Until the Law is adopted and in force and the Permanent Election Commission is established and fully functional, elections will be conducted under the supervision and authority of the Provisional Election Commission and its Rules and Regulations.

5. The Council requests the Provisional Election Commission to oversee the establishment of the Permanent Election Commission and the hand-over of archives and other relevant documentation.

VII. Economic Reconstruction and Reform

1. Reconstruction

a. The Council notes that generous international reconstruction aid has continued to fuel economic recovery throughout 1997. The Council reminds the authorities in Bosnia and Herzegovina that economic assistance by the international community remains strictly conditional upon compliance with the Peace Agreement and subsequent obligations.

The Council reconfirms its determination to apply conditionality to international reconstruction assistance, both by excluding non-compliant municipalities from reconstruction as well as by applying positive measures. In this context, the Council invites the High Representative to continue to advise donors on the performance of municipalities in the framework of the ETF and the RRTF.

b. The Council expresses concern that the authorities in Bosnia and Herzegovina are placing reconstruction and sustained economic growth at risk by: the common institutions' shortcomings in addressing economic management; allowing political differences to slow down the pace of economic transition; taking insufficient action against fraud; the lack of transparency in the use of public funds; and the failure to establish Public Corporations.

2. Economic Management

a. The Council considers it unacceptable that the package of essential legislation establishing the common institutions of economic management has not been implemented in full, nor has the state-level legislation, specified in the Sintra Declaration, been adopted. The Council notes with concern that the consequent lack of a policy framework could freeze the economic reconstruction programme, notably by preventing an IMF Standby Arrangement and World Bank adjustment lending, rendering the country vulnerable to financial crisis. The Council calls

upon the authorities in Bosnia and Herzegovina to agree on a common approach on an IMF Standby Arrangement and to open negotiations with the IMF on the conclusion of such an arrangement without delay.

b. The Council demands that the competent authorities in Bosnia and Herzegovina and the Entities:

i. submit to the printers, by 20 December 1997, agreed designs for the common currency coupons and publicly announce the time-table for their introduction;

ii. adopt the Foreign Investment Law by 20 December 1997;

iii. apply the interim common customs tariff schedule by 20 December 1997;

iv. adopt mutually consistent 1998 State and Entity budgets by 31 January 1998;

v. adopt and start implementing the permanent Customs Code and Customs Tariff with no more than four different rates by 31 January 1998;

vi. implement automatic monthly transfers from the Entity budgets covering the State's administrative expenditures and debt service, by 1 March 1998.

3. Economic Transition

a. The Council emphasises the need to increase the pace of the transition to a market economy, in order to create the conditions for sustained growth based on private investment, exports and privatisation.

b. The Council calls upon

- Republika Srpska to halt immediately the distribution of shares in state enterprises;

- the Federation to adopt, by 31 March 1998, legislation on the reform of the pension system drafted in consultation with the World Bank;

- both Entities to adopt, by 30 June 1998, a package of basic commercial legislation drafted in consultation with the European Commission and USAID.

4. Corruption and Diversion of Funds

a. The Council is deeply concerned by the potential for corruption and diversion of funds for unauthorised purposes as outlined in the two reports submitted by the European Commission's Customs and Fiscal Assistance Office (EC CAFAO) in the area of customs. Corrective measures should be taken against corruption. Foreign aid must not be a substitute for diverted state resources. Donors have to protect their assistance funds from possible misuse, as well as from having to compensate for misappropriation. The Council recognises that the lack of transparency and accountability of public finances, as attested in the Public Expenditure Review of the World Bank, undermines democratic values and the prospects for foreign investment in both Entities. It commends the recommendations set out in the EC CAFAO and World Bank reports and supports the policy of the High Representative to hold the competent authorities responsible for following-up on the reports. The Council deplores that persons compromised in the EC CAFAO reports should be promoted to new public positions before that follow-up has been completed.

b. The Council endorses the anti-fraud strategy presented by the High Representative. The following points are highlighted:

i. The criminal prosecution of corruption and diversion of funds is hampered by inadequate criminal procedures and prosecution capacities. The Council:

welcomes the intention of the High Representative to form an Anti-Fraud Unit to assist the authorities in Bosnia and Herzegovina to identify illegal activity and co-ordinate international technical assistance. The unit will identify the need for IPTF assistance;

urges members of the Peace Implementation Council to second experienced prosecutors, judges and other personnel to the Anti-Fraud Unit.

ii. Reconstruction funds managed by aid institutions lacking adequate control structures, and remaining outside the aid co-ordination structure, are vulnerable to fraud. The Council urges members to ensure that aid institutions using public funds participate in the co-ordination structure and use the services of existing Project Implementation Units as necessary.

iii. Legislative and administrative shortcomings in public finance generate opportunities for fraud in public revenue collection, budgetary spending and the activities of extra-budgetary institutions.

The Council agrees that the work of EC CAFAO, the World Bank, US Treasury and USAID is crucial for reducing such opportunities. The Council urges the authorities in Bosnia and Herzegovina to agree to an extension of EC CAFAO's assistance to cover all indirect taxes levied by the Entities or Bosnia and Herzegovina. The Council requires the Entities and Bosnia and Herzegovina to give EC CAFAO access to all relevant customs and fiscal records and documentation.

The Council calls upon neighbouring countries to co-operate with EC CAFAO and make available relevant customs documentation and data.

The Council requests that Bosnia and Herzegovina and the Entities, by 30 June 1998:

(a) enact revised Organic Budget laws drafted in consultation with the World Bank;

(b) adopt legislation on the creation of independent Supreme Audit Institutions reporting to the respective parliaments;

(c) form parliamentary commissions, supported by a representative of the High Representative, for the review of the reports of the Supreme Audit Institution; and with the powers to: investigate all areas of public revenue collection, public expenditures and public utility accounts; publish its findings; and summon witnesses.

iv. The existence of non-constitutional bodies and extra-budgetary funds diverts funds for unauthorised purposes. In this context, the Council welcomes the announcement by the Federation authorities that the so-called State Directorate for Strategic Reserves Sarajevo will be dissolved immediately.

The Council demands that the authorities in Bosnia and Herzegovina make public all accounts related to all public companies and corporations, and transfer surpluses to the relevant budgets.

5. Public Corporations

a. Despite the efforts of the Chair of the Commission on Public Corporations, obstruction by officials in both Entities has blocked establishment of new Public Corporations and implementation of the Transportation Corporation. Only one temporary agreement has been signed by local authorities on telecommunications.

b. Because of the lack of co-operation between the Entities, and within the Federation, economic resources and infrastructure reconstruction are not being

maximised and the quality of service is limited. The failure to restore railway traffic between the Entities is of great concern. The Council expects the authorities in Bosnia and Herzegovina to comply fully with the recommendations of the High Representative and the Chairman of the Commission on Public Corporations in this respect; in particular it calls on the authorities in Bosnia and Herzegovina to implement the recommendation on railways by 31 March 1998. It encourages international donors actively to support reconstruction of the Bosnian railway system through the Transportation Corporation.

c. The Council recalls that the Entities have an obligation under Annex 9 of the Peace Agreement to agree to the operation of transportation facilities by the Transportation Corporation. It urges the Entities to establish other joint public corporations, such as for the operation of utility, energy, postal and communications facilities, in accordance with the recommendations of the Commission on Public Corporations and the legal opinion of the High Representative. In the event of non-compliance, the High Representative will ask international bodies, such as the UCPTE, UIC, ITU, UPU and others, not to recognise the credentials of the representatives of Bosnia and Herzegovina.

6. Economic Task Force

The Council confirms the crucial role of the Economic Task Force (ETF) in advising the High Representative on the economic aspects of peace implementation, including the application of political conditionality in reconstruction and development assistance, in close co-ordination with the RRTF. The Council is satisfied that co-ordination between the programmes of the major donors represented in the ETF is functioning well. It welcomes the High Representative's intention to create an ETF Secretariat for the purpose of improving and strengthening the action of sectoral Task Forces.

VIII. Brcko

1. The Council commends the Brcko Supervisor for his work and endorses his Orders and the amended Municipal Statute concerning the establishment of a multi-ethnic administration, judiciary and police force in Brcko. The Council welcomes the constructive participation of all the political parties in the formation of these multi-ethnic bodies and the progress made to date. It reinforces the need for full compliance by both the Federation and Republika Srpska with all the tasks and timelines specified in the Supervisory Orders, and in accordance with the municipal election results, and notes that the outcome of the Arbitration Award in March 1998 will be significantly affected by the degree of compliance shown by the parties.

In particular, the Council takes note of the issues set out in the Annex on Brcko.

2. The Council recognises the start, after two years of delays, of a peaceful, phased and orderly return process in Brcko and insists on full compliance with the

Procedures for the Return. The Council underlines that all returnees to the area of supervision must abide by the laws of Republika Srpska, and recalls Republika Srpska's obligations to all residents of the Brcko opstina.

3. The Council is concerned that the international community's funding commitments, with a few notable exceptions, have fallen far short of requirements. The Council calls upon the donor community to make available the necessary resources for the revitalisation of the Brcko economy as discussed at the Brcko conference on 4 and 5 November 1997.

IX. Security and Arms Control

1. Regional and Sub-Regional Stabilisation

a. The Council notes considerable progress in implementation of the Article II and Article IV Agreements during the past year. The Council appreciates the leading role played by the OSCE in this context.

The Council welcomes the continuing development of the confidence- and security-building measures under Article II and the successful completion of declared reduction liabilities under the Article IV Agreement. It congratulates the Parties on the reduction of almost 6,600 pieces of armaments.

The Council reminds the Parties that they must continue to pursue the full implementation of both Agreements in order further to increase military stability and transparency. The Council calls upon the Parties to cooperate actively with the OSCE Personal Representative to this end, including the acceptance of joint SFOR/OSCE inspections of heavy equipment currently stored in cantonments.

b. To advance the goals of peace and stability in south-eastern Europe, the Council underlines the importance of starting the Article V process without delay to build on the achievements reached under Articles II and IV. The Council agrees that steps in this context should not prejudice the integrity of existing arms control and CSBM agreements. In particular, Article V should not alter obligations under the CFE Treaty or under Articles II or.

The Council is convinced that a wide circle of States present at the negotiation table would greatly enhance prospects for success. States not party to the Peace Agreement should participate on a voluntary basis according to their specific security environment. The Council affirms that Bosnia and Herzegovina must be represented by a single delegation appointed by the common institutions at all Article V related negotiations. A broad security dialogue would represent a significant element in establishing regional stability. Article V negotiations could also consider the development of CSBMs and other appropriate measures adapted to specific regional security challenges, and information exchange and verification activities could be agreed in line with regimes already in place. Such activities could be agreed between States which do not at present have the

opportunity to exchange information with each other or inspect each other under legally binding arms control agreements. Guiding principles should include military significance, practicality and cost-effectiveness.

The Council recommends:

- that the OSCE Chairman-in-Office undertake consultations with a view to appointing a Special Representative for Article V, if possible at the OSCE Ministerial Meeting in Copenhagen on 18 and 19 December 1997

- that at Copenhagen, Ministers give political impetus and direction to the Article V process. They should charge the Special Representative, when appointed, with starting Article V consultations on a precise mandate and initiating a process of negotiations as soon as possible with a view to achieving initial results by Summer 1998.

2. Standing Committee on Military Matters

The Council supports the principle that the Standing Committee on Military Matters (SCMM) as a common institution should be the focal point for all negotiations. All programmes will be based on equal participation of both Entities. The Council invites the High Representative to work closely with the SCMM Secretariat, and it welcomes the development of a long-term strategy for the SCMM. In particular, the Council supports the SCMM as a vehicle of mutual trust and openness between the military authorities of the Entities.

3. Military Expenditure

The Council expresses deep concern at the high level of military expenditure as a share of GDP by the Federation and by Republika Srpska. The Council demands that military expenditures in both Entities be reduced and made transparent.

4. Secure Environment for Civilian Implementation

The Council stresses that the presence of IFOR and SFOR has been the greatest single contributor to sub-regional security since the signing of the Peace Agreement and will continue to be in the short to medium term. It welcomes NATO's plans to consider options for a multinational follow-on force to SFOR which would provide a secure environment for civilian implementation in Bosnia and Herzegovina beyond June 1998.

5. Demining

a. The Council finds it unacceptable that Bosnia and Herzegovina is a manufacturer of land mines, offering them for export. The authorities in Bosnia and Herzegovina must take steps to ensure that the facilities for their manufacture are dismantled, that all stocks are seized and destroyed and that mine information, especially that still held by the armed forces, is handed over to the Bosnia and Herzegovina Mine Action Centre. The Council invites the High Representative to report to the

Steering Board on the measures taken by the authorities in Bosnia and Herzegovina after 31 March 1998.

b. The Council welcomes Bosnia and Herzegovina's signing of the Ottawa Treaty. The authorities in Bosnia and Herzegovina are requested to adopt a detailed plan for the implementation of the Treaty obligations by 31 March 1998.

c. The Council notes progress in demining policy and operations and welcomes the signature on 30 October 1997 by the Council of Ministers of the Memorandum of Understanding and Agreed Principles for Demining after 1 January 1998. The Council insists that the following measures are implemented in order to accelerate the demining process:

   i. Action to establish the Bosnia and Herzegovina Mine Action Centre (MAC) in accordance with the Agreed Principles, must be completed by 31 December 1997;

   ii. The Council supports the UN plan to hire, install, and train an ethnically-balanced staff of Bosnian managers to assure the timely and effective transfer of the UN-directed Mine Action Centre to Bosnian authorities, as mandated by the December 1996 London Peace Implementation Conference. The Council urges that this process be completed as soon as possible.

   iii. The Entity Governments must establish their MACs by 31 March 1998, either by specific new legislation, or as part of an existing Ministry. Adequate resources must be made available to these bodies to appoint key staff and to operate according to the Agreed Principles;

   iv. The Entity Governments must use their armed forces, and provide the resources, to carry out effective demining operations as part of the overall demining programme.

d. The Council welcomes SFOR's proposal for a nation-wide amnesty aimed at collecting weapons, including mines, held in private hands. The Council urges the Presidency of Bosnia and Herzegovina to declare this amnesty.

X. Regional Aspects

1. Regional Co-operation

The Council stresses the importance of a culture of regional co-operation in south-eastern Europe to foster peace, security, good neighbourliness and mutual understanding. The Council emphasises the need for a network of bilateral and regional contacts and co-operation.

The Council takes note of reports by the Special Negotiator for Succession Issues and the Chairman of the Working Group for Ethnic and National Communities and Minorities.

2. Succession Issues

a. Welcoming the continuing efforts of the Special Negotiator for Succession Issues, the Council recalls that the solution of outstanding problems of State succession as a result of the break-up of the former SFRY will contribute to economic and political stability in the region.

b. The Council notes with concern that, six years after the break-up of the former SFRY, and despite many rounds of discussion on successive proposals for a settlement prepared by the High Representative's Special Negotiator, the five States have been unable by consensus to make any practical progress.

c. The Council therefore calls upon the States to reach agreement on all outstanding succession issues within the framework of the Special Negotiator's draft of 13 November 1997.

d. The Council calls upon the States as a first and immediate step, without waiting for an overall settlement, to reach agreement as soon as possible upon certain specific action, including effective access by the representatives of the five States to those records and data held by any of those States which could be relevant to the settlement of succession issues.

e. The Council notes that after 31 March 1998 the High Representative will report to the Steering Board.

3. Ethnic and National Communities, Minorities

a. The return of displaced persons and refugees is a prerequisite for establishing lasting peace in Bosnia and Herzegovina. The Republic of Croatia is crucially important in this context both as a country of origin for refugees abroad and as a host country for refugees from Bosnia and Herzegovina. The Council urges the Government of the Republic of Croatia to remove the administrative barriers for refugees wishing to return to, or to enter, the country. Particular attention should be given to resolving assets and personal documentation issues and to ensuring a climate of security and non-discrimination.

The Council takes note of the Croatian Government's programme of 2 October 1997 designed to assist the establishment of trust, accelerated return and normalisation of living conditions in war affected regions of the Republic of Croatia. It invites the Croatian Government to continue on this track and to ensure compliance by local authorities.

b. The Council notes the statement by the UN Transitional Administrator for Eastern Slavonia, Baranja and Western Sirmium and welcomes the progress made in implementing the Erdut Agreement. The Council calls upon both the Government of the Republic of Croatia and the leadership of the local Serbs to co-operate fully with the OSCE Mission in Croatia. The Council attaches particular importance to the possible return of all refugees and displaced persons to their homes of origin,

as well as to confidence-building measures in the region. In this context the Council welcomes the readiness of the Government of Croatia to accept a UN Civilian Police Support Group in the region.

c. The Council, welcoming the continuing efforts of the Chairman of the Working Group for Ethnic and National Communities and Minorities, takes note with increasing concern of escalating ethnic tensions elsewhere in the region, including in Kosovo and other areas. This has the potential further to de-stabilise the region. The Council calls upon those concerned to refrain from activities that might exacerbate existing difficulties and to strive for mutually acceptable solutions through responsible dialogue.

d. The Council calls upon UNHCR to develop, in co-operation with the authorities of Bosnia and Herzegovina, the Republic of Croatia, the Federal Republic of Yugoslavia and relevant international organisations, including the High Representative, a regional strategy for return of refugees for presentation to the Steering Board.

XI. High Representative

1. The Council commends the efforts of the High Representative and his staff in pursuing the implementation of the Peace Agreement. It emphasises the important role of the High Representative in ensuring the creation of conditions for a self-sustaining peace in Bosnia and Herzegovina and his responsibility for co-ordination of the activities of the civilian organisations and agencies in Bosnia and Herzegovina.

The Council reiterates that the Steering Board of the PIC will provide the High Representative with political guidance on peace implementation. It will continue to meet monthly, inviting representatives of relevant international organisations to attend as appropriate.

The Council welcomes the High Representative's agreement to continue reporting in accordance with Article II. 1 (f) of Annex 10 to the Peace Agreement.

The Council encourages the High Representative to report regularly on compliance by individual municipalities with the provisions of the Peace Agreement.

2. The Council welcomes the High Representative's intention to use his final authority in theatre regarding interpretation of the Agreement on the Civilian Implementation of the Peace Settlement in order to facilitate the resolution of difficulties by making binding decisions, as he judges necessary, on the following issues:

a. timing, location and chairmanship of meetings of the common institutions;

b. interim measures to take effect when parties are unable to reach agreement, which will remain in force until the Presidency or Council of Ministers has adopted a decision consistent with the Peace Agreement on the issue concerned;

c. other measures to ensure implementation of the Peace Agreement throughout Bosnia and Herzegovina and its Entities, as well as the smooth running of the common institutions. Such measures may include actions against persons holding public office or officials who are absent from meetings without good cause or who are found by the High Representative to be in violation of legal commitments made under the Peace Agreement or the terms for its implementation.

FEDERATION ANNEX

The Council urges the Federation rapidly to resolve the following issues:

i. Accept and fully implement the upcoming arbitration ruling by the High Representative on the formation of Usora and adoption of the pending law on split and new municipalities by 31 December 1997; enter without delay into the second phase of the work of the Advisory Commission on municipal reform in accordance with the agreed Measures of the Federation Forum of 3 February 1997, laying particular emphasis on the future organisation of Travnik in accordance with the Federation Constitution;

ii. Align all Cantonal Constitutions with the Constitution of Bosnia and Herzegovina;

iii. Dissolve or integrate all existing intelligence agencies and place them under the authority and exclusive supervision of the constitutionally mandated Federation institutions;

iv. Ensure that the four Federation Ministries in Mostar function fully and that the periodic Cabinet sessions prescribed in the Constitution take place in Mostar, as of 1 Febuary 1998. Local and cantonal authorities are obliged to solve accomodation issues. The international community will, upon the recommendation of the High Representative, limit or suspend cooperation with those ministries which do not meet this deadline.

v. Immediately establish fully operational and integrated municipal and cantonal courts throughout the Federation and adopt, in particular, the necessary legislation for the Herzegovina Neretva Canton by 31 December 1997.

vi. Establish the City Council of Sarajevo by 31 December 1997 and fully implement the Protocol of 25 October 1996 and the Agreement on Sarajevo of 27 March 1997.

vii. Ensure that the City of Mostar and its unified City Administration is operational in all aspects, in accordance with the City Statute. This includes dissolution of the union of the three municipalities in West Mostar. Ensure implementation of the comprehensive Mostar return plan in accordance with the Agreement of 12 September 1997, and in particular the reinstatement of persons illegally evicted in 1996 by 31 January 1998.

viii. Cooperate fully with the Federation Ombudsmen and respond appropriately to their reports.

ix. Ensure that all obstacles to the inauguration of the Federation Ministry of Internal Affairs are removed by 31 December 1997.

BRCKO ANNEX

With regard to the implementation of the Brcko Arbitration Award and the Supervisory Orders, the Council takes note that:

a. The administration staffing plan is to be completed by the President of the Executive Board and the two Vice-Presidents by 13 December 1997.

b. The police staffing plan is to be completed by the Chief of Police and the two Deputies by 13 December 1997.

c. The judiciary staffing plan is to be completed by the President of Republika Srpska, in consultation with the Prime Minister and the Supervisor, without delay.

d. The multi-ethnic administration, judiciary and police will function from 31 December 1997.

e. The Interior Ministry of Republika Srpska is to ensure that the Brcko police force complies fully with all requirements, particularly in terms of personnel and their functions, uniforms, and identification, in accordance with the Supervisory Order on multi-ethnic police and Addendum, anf the UN IPTF police restructuring process.

f. The parties are reminded of the importance of their attendance at the Arbitral Hearing in Vienna on 5 February 1998.

Annex on Citizenship and Travel Documents

Law on Citizenship of Bosnia and Herzegovina

Article 38.2

All persons who are citizens of BiH in accordance with this Law and who on the date this Law enters into force live abroad, are considered citizens of the Entity in which they were permanent residents before 6 April 1992, unless they take up residence in, or opt for the citizenship of the other Entity. The conditions and procedures for changing Entity citizenship by option shall be regulated by agreement between the Entities to be incorporated in the Citizenship Laws of the Entities. The right of option may only be exercised within 9 months after the conclusion of the aforementioned inter Entity agreement.[1]

Law on Travel Documents of Bosnia and Herzegovina

Article 6

The Passport shall be of the following form:

1. The cover shall be of dark blue colour.

2. The front cover shall contain, in the following order:

   a) the words "Bosnia and Herzegovina",
   b) the Coat of Arms of Bosnia and Herzegovina (when decided by the Parliamentary Assembly and approved by the Presidency of Bosnia and Herzegovina)
   c) the word "Passport",
   d) the words "The Federation of Bosnia and Herzegovina" in italics if the bearer of Passport is citizen of the Federation of Bosnia and Herzegovina,
   e) the words "Republika Srpska" in italics if the bearer of the Passport is citizen of Republika Srpska
   f) the height of the letters of the Entity name is half the height of the letters for the name of Bosnia and Herzegovina. The length of the Entity name shall be equal to the length of the name of Bosnia and Herzegovina

[1] It is understood that the Citizenship laws of the Entities shall regulate the issue of changing Entity Citizenship of Citizens of BiH resident abroad in accordance with the Law on Citizenship of Bosnia and Herzegovina. The Entity Laws must be harmonised with each other and adopted in cooperation with and with the approval of OHR. The Entities as well as OHR will seek to ensure that the aforementioned inter-Entity agreement will be concluded within 3 months after the adoption of the Law on Citizenship of Bosnia and Herzegovina.

3. The text of items a), c) and d) shall be printed in the Bosnian or Croat language for passports of Bosnia and Herzegovina issued to persons mentioned under d) as chosen by the applicant for the passport. The text of items a), c) and e) shall be printed in the Serb language for passports of Bosnia and Herzegovina issued to persons mentioned under e). Items a) and c) shall also be printed in the English language.

4. The text of the first page of the Passport shall be identical to the text of the front cover.[2]

The undersigned will use all their authority with their parties that the two draft Laws will be adopted by the Parliamentary Assembly of Bosnia and Herzegovina by the date decided in the cover document.

(Signed) Alija Izetbegovic (Signed) Krešimir Zubak (Signed) Momčilo Krajisnik

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[2] Regarding the implementation of the Law on Travel Documents, it is agreed that OHR will interpret this Article in case of dispute.